

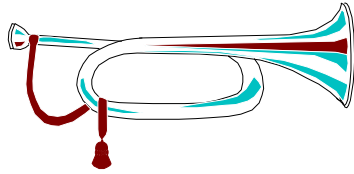


# AMC COST BUSTER\$ BUGLE



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## SSCOM's Acquisition Reform Efforts Set Standards of Excellence

Through innovation, creativity and teamwork, the Sustainability Directorate team of Soldier Systems Command's (SSCOM's) Natick Research, Development and Engineering Center (NRDEC) has set a standard of excellence in implementing Acquisition Reform.

**Performance Specifications.** Directorate personnel led the effort with the Office of the Product Manager (PM) Soldier Support, to work with industry, the Army Materiel Command (AMC), and the Defense Personnel Supply Center (DPSC) for the first conversion of a tentage item (the General Purpose Medium Tent) from a military specification to a performance specification. In successfully creating an excellent specification, they also produced a template for all textile-related commodities, which is now used as courseware for training other Commands (as well as SSCOM) in writing specifications. The Directorate wrote the first SSCOM performance specification for a developmental item, the Lightweight Maintenance Enclosure (LME), based on the template. This performance specification is considered to be a model for SSCOM. The Sustainability Directorate is committed to working closely with industry to create clear, understandable and effective performance specifications, and is the co-chair of the Joint Government/Industry Tentage subcommittee at DPSC, which coordinates the documents and incorporates/resolves all comments on draft performance specifications.

**Source Selection..** An urgent need for the Standardized Integrated Command Post System (SICPS) Rigid Wall Shelters for Task Force XXI and the Army Tactical Command & Control System dictated the near impossible task of awarding the contract NLT 30 September 1996. The SICPS team, with the Communications and Electronics Command (CECOM), developed a performance-based solicitation using a best value approach, obtained Type Classification, and worked very effectively with CECOM providing extensive technical and engineering support to accelerate and tailor the acquisition, resulting in the SICPS contract award on 30 August 1996. The customer recognized this significant accomplishment, customer focus, and outstanding support on behalf of Task Force XXI.

**Cost-as-an-Independent Variable (CAIV).** In conjunction with SSCOM's PM Soldier Support, the engineers actively led an Integrated Product Team (IPT) for the Containerized Kitchen (CK) program. The IPT used CAIV and Design-to-Cost techniques in the final selection of an acquisition strategy for the program. By increasing the use of commercial hardware integrated with standard military items, combining program milestones, and reducing the cost of testing by combining technical and operational tests, the CK IPT expects to achieve production savings of over \$38M. In response to the requirement for a heating system to provide hot water to satisfy subsistence and limited personal hygiene requirements for tracked vehicle crews, a Sustainability

Directorate market investigation identified a commercially available item, the Mounted Water Ration Heater (MWRH), which would meet the requirement. The MWRH IPT, lead by the Sustainability Directorate, used a procurement strategy based on performance specifications in contrast to detailed military design specifications which resulted in R&D savings of \$2.2M. In October 1996, members of the MWRH IPT won the Rohland A. Isker Award for outstanding R&D achievement by the Research and Development Associates (R&DA) for Military Food and Packaging Systems, Inc., an association of industry, academia and the U.S. Military. In May 1997, members of the MWRH team representing NRDEC, PM Soldier, and the U.S. Army Armor Center, were presented the prestigious Secretary of Defense Productivity Excellence Award for 1997 at a Pentagon ceremony hosted by the Assistant Secretary of Defense for Force Management and Policy. This IPT was recognized for their exceptional achievements in the acquisition, procurement and fielding of the MWRH, resulting in over \$2M savings in procurement costs as well as significantly enhancing the sustainability, performance, and quality of life of mounted troops.

***Government-Industry Teamwork.*** To implement complete acquisition reform initiatives, a subsistence process improvement team was established. The team, led by the NRDEC includes representatives from the operational ration industry (Meal, Ready-to-Eat (MRE), Tray Pack, Dehydration, accessory item producers, and the meal assembly industry); government procurement; inspection agencies (U.S. Department of Agriculture and U.S. Army Veterinary Command); and all of the Military Services. This partnership represents the ongoing commitment of the government/industry team to ensuring that true military user requirements are incorporated into performance based procurement documents without interfering with established commercial processes. During a February 1997 meeting of the Joint Service Operational Ration Forum (JSORF), one major MRE producer stated that the improvements made by the team to date will not only enhance MRE XVII, but will also result in a 2.3% cost reduction when compared to MRE XVI. This translates to substantial savings of approximately \$3.9M annually for Operational Rations.

***Communication Innovation.*** Demonstrating its continued commitment to customer focus, NRDEC planned, coordinated and participated in a meeting between combat soldiers and representatives from various MRE manufacturers at the Joint Readiness Training Center (JRTC), Fort Polk, LA. The visit provided Combat Ration IPT members with the opportunity to experience field conditions and see for themselves first-hand the actual conditions faced by soldiers in a simulated, but realistic, battlefield environment. The goal of this innovative field visit was to foster effective and open communications between all involved in the acquisition process and to promote a practical approach to risk reduction. All of the participants in this unique exercise found it to be a tremendously valuable experience. The MRE manufacturers left with a greater insight into the challenges faced by soldiers in the field as well as the rigors of the military food supply, distribution and veterinary inspection processes. The soldiers came away with the knowledge that their concerns are being heard and actively addressed to enhance the products they consume.

**Technology Insertion.** A recently awarded production contract for the Chemically and Biologically Protected Shelter (CBPS) includes a rapidly deployable soft shelter supported by inflatable air beams which are manufactured using current commercial inflatable technology. High pressure air beam technology, which was demonstrated as part of the Army's Large Area Night Maintenance Shelter (LANMS) Science and Technology Objective (STO), proved so successful and cost effective that it was transitioned directly from Exploratory Development into the production contract for the CBPS. As part of the LANMS STO, and a related Small Business Innovative Research (SBIR) effort, NRDEC demonstrated two new airbeam manufacturing techniques. The CBPS prime contractor evaluated these two improved technologies versus conventional airbeam manufacturing practices. Based on their evaluation, the contractor submitted a Value Engineering Change Proposal based on the seamless 3-D weaving technique. In addition to significantly improving airbeam performance and reliability, this technology insertion could result in up to 66% cost reduction when compared to the existing airbeams.

**Best Value Contracting.** SSCOM is committed to being a 100% Best Value Contracting command. To provide more meaningful metrics on Best Value application, we have revised our baseline for FY97 to include all negotiated, competitive actions over \$100K. Statistics through 3Q97 show a total of 96% of database dollars awarded through the use of Best Value techniques. One characteristic, which underlies the use of Best Value techniques, is the reliance on adequate price competition to insure that the government pays a fair and reasonable price for the items purchased. Under Best Value, price is a significant but not necessarily predominant factor in source selection. Instead, the concept of CAIV provides an evaluation base for determining affordability with regard to the government's budget, and provides for the consideration of tradeoffs allowing for a more structured contract program. Best Value source selection techniques were used for several specific FY97 major requirements.

- **Modular Body Armor/Modular Load System (MBA/MLS).** The first formal source selection of FY97, this program involved a number of acquisition reform initiatives, such as oral proposals, multiple award with down-select capabilities, and award without discussions. The thrust of these new procedures is to develop a long term teaming relationship with the Best Value contractor providing the best items for the soldier. The use of the oral proposal presentation allowed a two-way interface between government evaluators and contractor personnel as well as provided a hands-on approach to the Best Value evaluation procedure.

- **Marine Corps Load-Carrying System (MCLCS).** Another major soldier system item, the MCLCS does not require as much research and development effort as the MBA/MLS; therefore, the selection evaluation is somewhat easier. The proposals are much less voluminous than those required under previous acquisition policies. The contract itself will be an Indefinite Quantity/Indefinite Delivery (IDIQ) task order type contract which will provide SSCOM customers with a ready source of supply for these critical items.

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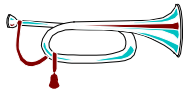
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**\*\*\*\*SUCCESS STORIES\*\*\*\*****Speeding the Transition to Production**

Under the existing system, the NRDEC, with the leadership of PM Soldier, would take a program from Milestone (MS) I through the Type Classification Review Panel for a MS III Decision. Upon a successful approval, the Technical Data Package (TDP) was provided to the Defense Personnel Support Center, who would initiate the production contract. Typical cycle times were a minimum of 24 months to award the contract and another six months for first unit equipped. The re-engineered process, jointly developed between PM Soldier and NRDEC, calls for putting pre-production and production options directly on the R&D contract. This method should provide a number of benefits, including:

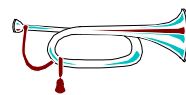
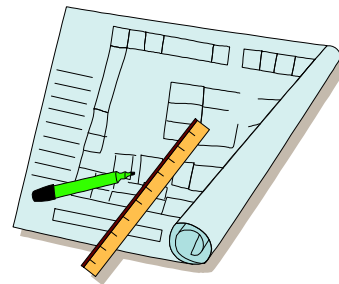
- More flexibility to the PMs at significant savings because of no DMRD 903 or DLA overhead charges.
- Faster fielding of technology, by up to two years.
- Better industrial interest and participation because of the increased chances of obtaining some production level.
- Probability of better quality since the contractor would have already gone through the learning curve of making the item.
- Transitioning better TDPs because they will have been thoroughly proven out in the pre-production and production phases.

While it is too early to completely assess the results, there are at least three contracts which have already shown promise: the Second Generation Extreme Cold Weather Clothing System, the Mounted Crewmen's Boot, and the Marine Corps Bivy Sack.

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**Voucher Payment Improved with New Process**

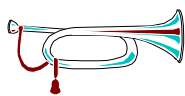
An idea submitted on improving the voucher payment process resulted in the formation of a Process Action Team to address issues regarding late payments to vendors. The revised process will reduce invoice handling, allow SSCOM to take advantage of vendor discounts, eliminate time spent answering vendor inquiries about late payments, and improve business relationships.

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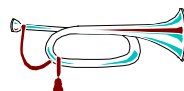
## **The Soldier Enhancement Program (SEP)**

The SEP is designed to improve the lethality, command & control, sustainability, mobility, and survivability for all categories of soldiers. The major thrust of SEP is to identify, evaluate, and acquire commercially available individual weapons, munitions, combat clothing, individual equipment, food, water, shelters, communications, and navigational aids and to get these items into the hands of soldiers in less than three years. SEP works because a streamlined acquisition strategy is applied to each project. This includes tailored project documentation followed by a market survey; candidate evaluation and downselect; tailored testing; adoption decision; and acquisition/fielding. PM Soldier and TRADOC Systems Manager (TSM) Soldier are charged with the responsibility for managing the SEP program for the Army. TSM Soldier has user management responsibility and represents all soldiers in the field. PM Soldier is the AMC counterpart responsible for materiel development and fielding of SEP items. SEP projects have been or are being executed by various materiel developers. These include PM Small Arms, PM, Mines, Countermine and Demolition, PM Night Vision/Reconnaissance, Surveillance and Target Acquisition, PM Nuclear Biological and Chemical Defense Systems, the Communications-Electronics Command (CECOM), and RD&E Centers for Armament, Natick RD&E Center, Edgewood RD&E Center, and TACOM RD&E Center.

**Testing.** The Test and Evaluation Command provides development testing support. Operational testing and evaluation is provided by the Operational Test and Evaluation Command and includes tailored assessments from the Evaluation Analysis Center and test execution from the Test and Experimentation Command.

**Integrated Approach.** SEP utilizes an Integrated Product Team (IPT) approach to manage the overall program and its acquisition process. The nucleus of this team comprises PM Soldier and TSM Soldier. The IPT develops SEP policies and procedures; solicits proposals, reviews and applies criteria; hosts reviews; prioritizes programs, and determines development strategies and policies. Since its inception, SEP has fielded 59 items; an additional 22 SEP items are presently in transition to production.

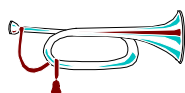
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## **BASOPS Efficiencies**

Efficiencies have continuously been created at SSCOM in several areas of Base Operations (BASOPS). Savings resulted from space reutilization and consolidation, such as closure of storage facilities and transfer from temporary leased facilities into Army-owned permanent space. In addition, further cost reductions occurred in the area of processing / mailing / shipping by converting from the conventional manner of preparation of Government Bills of Lading (GBLs) to the FEDEX Power Ship System.

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## Procurement Administrative Lead Time (PALT)

SSCOM's Acquisition Directorate continues to focus on several initiatives and process improvements to reduce the lead time for all contract awards.

**Teaming.** The Contracting Division has been reorganized into *buying teams* to better serve the customers and to provide faster, more effective contracting services. This teaming approach allows for consolidation of expertise and experience in dealing with assigned items. Familiarity with customer requirements and knowledge of the particular industry provides an integrated and timely award of supplies and services.

**Dedicated Buyers.** As with teaming, the assignment of dedicated buyers for specific customers and items allows a more effective purchasing process and concentrates our expertise and knowledge into a fully integrated acquisition process.

**FACNET.** The use of Electronic Data Interchange (EDI) via the Federal Acquisition Network (FACNET) allows SSCOM to solicit from the broadest possible vendor database with on-line computer speed and accuracy. FACNET provides for the use of simplified purchase procedures for actions between \$25K and \$100K. Prior to FACNET implementation, the average PALT for a new start action was about 160 days. Under FACNET, the average PALT for a new action was down to 31 days in FY96.

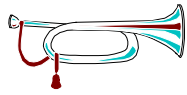
**Long-term Contracts.** Consolidation of requirements into long-term contracts has contributed to a reduction in long-term lead time. The additional negotiation and contract preparation is an investment in the acquisition process resulting in early deployment and fielding of SSCOM items. Other long-term initiatives include the use of options, indefinite delivery/indefinite quantity task order contracts, and research to production contracts.

**Other Initiatives.** The Acquisition Directorate is expanding the use of the Broad Agency Announcement (BAA) and Small Business Innovative Research (SBIR) program contracts as a means of reducing lead time. These contracts allow for award against a single solicitation encompassing broad requirements established each fiscal year. SSCOM also uses other agency BAA contracts for awarding soldier systems items. The average PALT for BAAs and SBIRs in FY96 was 97 and 50 days, respectively. This is also considerably less than the 159 days for new actions under standard solicitation procedures.

The metrics show a 50% reduction in average PALT from FY94 through FY96. Figures for February 97 show a further 16% reduction since last year. It is felt that the 25 to 30 day average PALT represents the lowest practicable figure for effective contract award under the procurement reform initiatives. The goal is to maintain the current PALT level by concentrating on the programs outlined above, and to enhance teaming with industry by continuously improving the acquisition process.

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## GSA Service Successful

**Facility Closure.** By closing the Self Service Supply Center (SSSC) and converting to the GSA Customer Supply Center (CSC) in January 1997, SSCOM reduced costs and improved service to its customers. (This is a tough combination to beat!) Now, SSCOM employees have over five thousand items (five times as many as previously) to select from, and can now order exactly what they need rather than choose from available items.

How does SSCOM do this? Employees simply pick up the telephone and place an order with the CSC customer service representative. Within three to four days, the order will be delivered to the customer's desk. If an item is temporarily out of stock, the customer will be notified and the order filled a few days later from an alternate shipping point. Partial deliveries and back orders will be minimal. Better yet, SSCOM employees no longer have to brave the weather to trek down to the warehouse to shop, pick up their order, and lug it back to the office.

SSCOM's switch to the GSA supply ordering system wasn't easy; a lot of planning and more than a few lessons were learned. In addition, it was a tough sell to the SSCOM customers as they were accustomed to the on-site SSSC, and several were skeptical about the true benefits of the program. Most of these fears were allayed by issuing several memorandums describing the program, and by responding to numerous verbal and written questions/complaints. The key to convincing our customers that

the CSC, though not perfect, was superior to the SSSC program was the excellent training/orientation offered on two separate occasions in our auditorium.

The economic benefits of closing the operation:

- Eliminating the cost of carrying an inventory
- Transferring personnel to more critical functions
- Reducing management time to oversee the operation
- Freeing an enclosed area for alternate uses
- Eliminating the need to replace an expensive computer system
- Reducing labor hours for processing warehouse receipts.



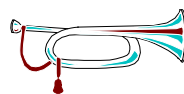
**Reorganization.** The SSCOM Logistics Directorate completed a major reorganization in FYs 96 and 97. The successes of these extremely comprehensive efforts were accomplished while maintaining excellent customer service

levels. All work flow processes were reviewed in depth, and all redundant tasks and those for which value added was not significant were either eliminated, consolidated, combined or simplified. In addition, an automated system was developed to link all facets of logistics information management to one computer system to improve and account for document tracking and allow the sharing of generic information, therefore reducing redundancy in other functions. The implementation of the re-engineering processes was accomplished without variance from regulatory guidance and good business practices, while also improving the real and perceived service levels received by our customers. In conjunction with this, the physical facilities and working environment were dramatically improved. This included new modular furniture, upgrading of computer equipment, new carpeting, ergonomic workstations, and general improvement in overall appearance. The new Purchase Request Tracking System on Lotus Notes was first used operationally in February 1997; monthly the percent of use by our customers increases. This system further simplifies the processing of purchase requests.

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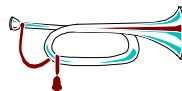
## Environmental Savings



Through training and improved operational methods, SSCOM has generated cost reduction in its management of environmental issues. Advanced instruction was given to laboratory personnel on the proper disposal, storage, and use of hazardous materials. This reduced the risk of EPA fines for non-compliance. In addition, it lowered the likelihood of "lost-time-injuries" from lack of proper safety procedures. On the operational side, substituting non-hazardous materials in lieu of hazardous ones reduced overall per unit waste disposal costs. Moreover, the establishment of a Chemical Tracking System (CTS) saved costs in new purchases.

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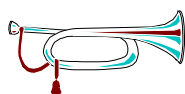
## Reorganization Improves Performance



The Mobility Directorate of SSCOM was reorganized from a traditional branch/division hierarchy to a self-managed work-team structure. In addition, by establishing groups along similar functional lines, it brought the researchers and developers closer together. This resulted in a more efficiently run organization, thereby causing shorter project schedules, better quality products, and reduced business costs.

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## Fire Free Heat for MREs

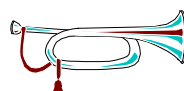
The Army has been using a portable heat source, the Flameless Ration Heater (FRH), to heat the Meal, Ready-to-Eat (MRE). Soldiers appreciate the convenience of heating a meal at any time or place. Unfortunately, operation of the FRH produces a substantial quantity of flammable hydrogen gas. A new chemical heater has been developed through the Small Business Innovative Research (SBIR) program as an alternative heater for the MRE. Approved by HQ AMC as an OSCR proposal in the Supply Management Army category, the new "FIRE FREE" heater (also called the Nonflammable Ration Heater) is water activated like the FRH, weighs less than two ounces, and generates no gaseous by-product. Therefore, the new heater provides a safe, affordable, effective heater replacement capable of unrestricted operation, transportation, and storage. Moreover, its end products are non-hazardous and environmentally safe for disposal. In addition, the new heater also has the ability to consume excess water, which significantly reduces the hazards associated with residual water after use. The end result is substantial non-personnel savings associated with overall MRE production, thereby significantly lowering the original unit procurement cost from \$0.45 to as low as \$0.23. In particular, monetary benefits begin to accrue in FY99

and continue over a ten-year period. In constant dollars, this amounts to \$1.5M in savings annually, with a Savings-to-Investment ratio of 15.7 to 1. Moreover, it will reap net benefits of \$16.4M over its economic life and total benefits of \$8.2M over the POM.

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## Security Action Team Created

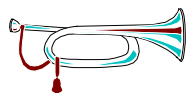
Security measures were improved with the creation of SSCOM's new Security Action Team (SAT). This program was the outgrowth of a need to meet the increasing security demands within the acquisition workforce. Consistent with the Integrated Product Team concept, these SATs represent the Security Office, Acquisition Directorate, Legal Office, and Project Managers. This team would efficiently address all matters based upon a security contract. As a result, security issues can be identified up-front, thereby avoiding costly expenditures in resolving otherwise unforeseen problems. Moreover, this SAT concept, developed for acquisition purposes, can be easily extended to other areas, such as automated information systems, personnel, plant security, and overall crime.

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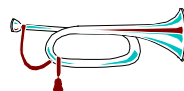
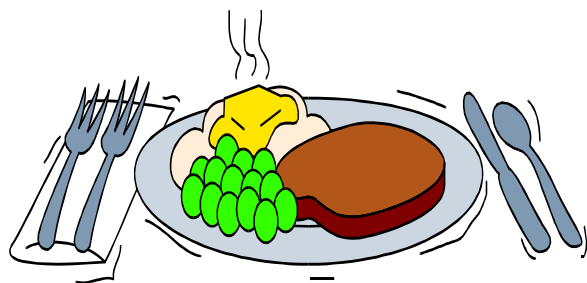
## Packaging Enhanced

Producibility and consumer acceptance of the MRE will be optimized through the expanded use of commercial packaging materials and methods planned under SSCOM's new "High Barrier Non-Foil Primary Packaging System." Approved by HQ AMC as an OSCR proposal in the Reliability, Maintainability, and Supportability category, this program will replace the conventional aluminum foil-laminated material for tort entree packaging with a non-foil alternative, one that is more inherently suitable for high speed filling and sealing. The program also intends to replace many military-unique MRE component packages with commercial packaging alternatives, all without loss of performance or shelf life. The end result will be substantial non-personnel savings associated with MRE production. In particular, monetary benefits will begin to accrue in FY00 and continue over a ten-year period. In constant dollars, this amounts to \$1.1M in savings annually, with a Savings-to-Investment ratio of 13.4 to 1. Moreover, it will reap net benefits of \$13.0M over its economic life and total benefits of \$5.1M over the POM.

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## College Work Study Program

An improved and implemented idea established the Off-Campus College Work-Study Program (CWSP) at SSCOM. This program provides talented and dedicated college students at a very low cost (normally \$2.50 - \$4.00 per hour) to the Command since the Department of Education provides grants to higher education institutions funds that partially pay for this work. The students, as employees of the college, are allowed to work part-time during the academic year and full time during the summer and vacations. 42 U.S.C. Section 2751 et seq. and 5 CFR Part 675 authorize the program. The personnel office with the college may sign a simple (most often 2-3 page) agreement (which is often provided by college financial aide offices). Reimbursement for the college is requested by submitting a SF1034 and the agreement to the Budget Officer. CWSP participants do not count against Army personnel ceilings.

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